

UNITED STATES OF AMERICA

BEFORE

THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D.C.

_____	)	
Written Agreement by and between	)	
	)	
MARYLAND PERMANENT CAPITAL	)	Docket No. 00-026-WA/RB-HC
CORPORATION	)	
Owings Mills, Maryland	)	
	)	
and	)	
	)	
FEDERAL RESERVE BANK	)	
OF RICHMOND	)	
Richmond, Virginia	)	
_____	)	

WHEREAS, in recognition of their common goal to restore and maintain the financial soundness of Maryland Permanent Capital Corporation, Owings Mills, Maryland ("MPCC"), a registered bank holding company that owns and controls the Maryland Permanent Bank and Trust Company, Owings Mills, Maryland, a state chartered nonmember bank (the "Bank"), MPCC and the Federal Reserve Bank of Richmond (the "Reserve Bank") have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, on DECEMBER 18, 2000, the board of directors of MPCC, at a duly constituted meeting, adopted a resolution authorizing and directing MICHAEL P. MAISEL to enter into this Agreement on behalf of MPCC and consenting to compliance with each and every provision of this Agreement by MPCC and its institution-

affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. 1813(u) and 1818(b)(3)).

NOW, THEREFORE, the Reserve Bank and MPCC agree as follows:

### **Restricted Transactions**

1. (a) MPCC shall not, directly or indirectly, enter into, participate, or in any other manner engage in any transaction with any of MPCC’s or the Bank’s current or former institution-affiliated parties, their family members, or their related interests, without the prior written approval of the Reserve Bank.

(b) MPCC and the Bank shall not, directly or indirectly, enter into, participate, or in any other manner engage in any transaction with each other without the prior written approval of the Reserve Bank.

(c) Any request for prior approval pursuant to this paragraph shall be submitted in writing to the Reserve Bank at least 15 days prior to the proposed transaction, and shall include documentation of the details of the proposed transaction, including a full description of the transaction, its purpose and benefits, the amount involved, the transaction’s compliance with all applicable laws and regulations, and any other relevant information.

(d) For purposes of this Agreement, the following definitions shall apply:

(i) “related interest” shall have the meaning set forth in section 215.2(n) of Regulation O of the Board of Governors of the Federal Reserve System (“Board of Governors”) (12 C.F.R. 215.2(n)); and

(ii) “transaction” shall include, without limitation, any extension of credit (as defined in section 215.3 of Regulation O of the Board of Governors (12 C.F.R. 215.3)); any direct or indirect payment or reimbursement of any expense, obligation, fee or benefit; any transfer, sale, contribution or purchase of any asset; any contract or payment for services (including salary and bonuses); and any direct or indirect assumption of any liability.

2. Within 90 days of this Agreement, MPCC will repay to the Bank all monies paid as salary by the Bank to the vice president of MPCC identified in the Report of Inspection of MPCC as of June 30, 2000 (the “Report of Inspection”) as having received a salary from the Bank.

### **Dividends and Stock Redemptions**

3. MPCC shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation of the Board of Governors. All requests for prior approval shall be received by the Reserve Bank at least 30 days prior to the proposed dividend declaration date and shall contain, but not be limited to:

- (a) information on consolidated earnings for the most recent annual and interim periods;
- (b) current and projected information on earnings, cash flow, capital levels and asset quality; and
- (c) information regarding whether the proposed dividend payment is covered by MPCC's operating earnings and is consistent with the Board of Governors's Policy Statement, dated November 14, 1985, concerning the payment of cash dividends by bank holding companies.

4. MPCC shall not take dividends or any other form of payment representing a reduction of capital from the Bank without the prior written approval of the Reserve Bank.

5. MPCC shall not purchase, redeem or otherwise acquire, directly or indirectly, any of its stock without the prior written approval of the Reserve Bank.

#### **Debt and Debt Service**

6. MPCC shall not, directly or indirectly, increase its borrowings, incur any debt, or renew any existing debt without the prior written approval of the Reserve Bank. All requests for prior written approval shall contain, at a minimum, a statement regarding the purpose of the debt or borrowing, the terms of the debt or borrowing, the planned sources for repayment, and an analysis of the cash flow resources available to meet such repayment.

## **Compliance**

7. (a) MPCC shall immediately take all necessary steps consistent with sound banking practices to correct the violations of law set forth in the Report of Inspection, and shall take all steps necessary to assist the Bank in correcting all violations of law set forth in the joint report of examination of the Bank by the Federal Deposit Insurance Corporation ("FDIC") and the Division of Financial Regulation of the State of Maryland (the "Division") dated May 1, 2000.

(b) Within 60 days of this Agreement, MPCC shall submit to the Reserve Bank an acceptable written compliance program designed to ensure MPCC's compliance with all applicable laws, rules, and regulations. The program shall, at a minimum, (i) provide for the appointment of an individual as the compliance officer with responsibility for coordinating and monitoring compliance with the program; (ii) describe in detail the steps management will take to provide adequate oversight of the consolidated organization's compliance policies and procedures; and (iii) provide for compliance training for appropriate personnel.

## **Audit**

8. Within 60 days of this Agreement, MPCC shall submit to the Reserve Bank acceptable written procedures designed to strengthen the audit function of the consolidated organization. At a minimum, the procedures shall include corrective steps that respond to the criticisms set forth in the Report of Inspection, and shall also address, consider and include:

(a) guidelines and designation of resources to ensure that internal audits for the consolidated organization are completed as scheduled and that audits are performed for all areas that have been designated as warranting follow-up attention; and

(b) an audit program consistent with generally accepted auditing standards, including, without limitation, standards for the scope and frequency of audits and periodic reports to the board of directors.

### **Directors and Officers**

9. During the term of this Agreement, or as otherwise required by law, MPCC shall comply with the provisions of section 32 of the FDI Act (12 U.S.C. 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. Part 225, Subpart H) with respect to the appointment of any new directors or the hiring or promotion of any senior executive officers as defined in Regulation O of the Board of Governors (12 C.F.R. Part 215).

### **Approval of Programs**

10. MPCC shall submit programs required by paragraphs 7(b) and 8 hereof that are acceptable to the Reserve Bank within the time periods set forth in this Agreement. MPCC shall adopt the programs within 10 days of receipt of approval from the Reserve Bank and then shall fully comply with them. During the term of this Agreement, the approved programs shall not be amended or rescinded without the prior written approval of the Reserve Bank.

## **Progress Reports**

11. Within 30 days after the end of each calendar quarter (March 31, June 30, September 30, and December 31) following the date of this Agreement, MPCC shall furnish to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof. Such reports may be discontinued when the Reserve Bank, in writing, releases MPCC from making further reports.

12. MPCC shall submit to the Reserve Bank a copy of all written progress reports and correspondence submitted by the Bank to the FDIC or the Division pursuant to any supervisory action or request.

## **Communications**

13. All communications regarding this Agreement shall be sent to:

- (a) Jeffrey S. Kane  
Senior Vice President  
Banking Supervision and Regulation  
Federal Reserve Bank of Richmond  
Post Office Box 27622  
Richmond, VA 23261

(b) Michael P. Meisel  
Chairman of the Board  
Maryland Permanent Capital Corporation  
9612 Reisterstown Road  
Owings Mills, MD 21117-9847

### **Effect and Term of Agreement**

14. The provisions of this Agreement shall be binding upon MPCC and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

15. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended by the Reserve Bank.

16. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to MPCC to comply with any provision of this Agreement.

17. The provisions of this Agreement shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank or any federal or state agency or department from taking any other action affecting MPCC or any of its current or former institution-affiliated parties.



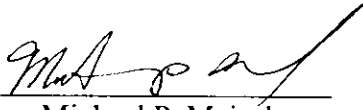
18. This Agreement is a "written agreement" for the purposes of, and is enforceable by the Board of Governors as an order issued under, section 8 of the FDI Act (12 U.S.C. 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of this <sup>24<sup>th</sup></sup> ~~18<sup>th</sup>~~ day of December, 2000.

Maryland Permanent Capital Corporation

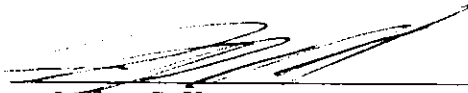
Federal Reserve Bank of Richmond

By:



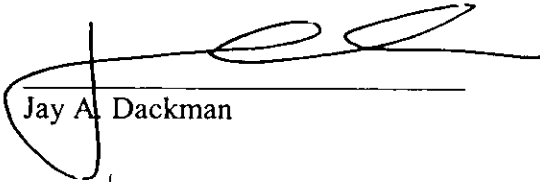
Michael P. Meisel  
Chairman

By:

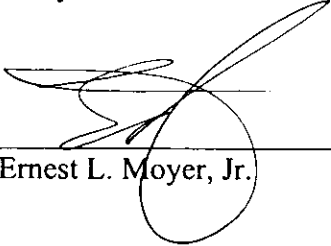
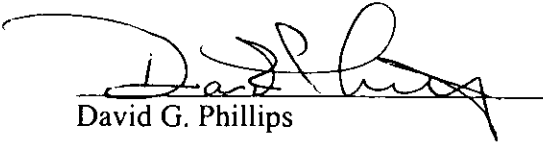
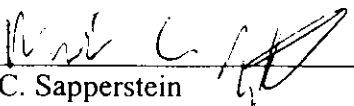
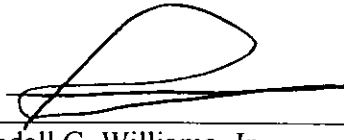


Jeffrey S. Kane  
Senior Vice President

Each of the undersigned directors of MPCC acknowledges having read the foregoing Agreement and approves of the consent thereto by MPCC.

  
Jay A. Dackman

Emily B. Heath

  
Harry P. Lebow  
Michael P. Meisel  
Ernest L. Moyer, Jr.  
David G. Phillips  
Mark C. Sapperstein  
Randall G. Williams, Jr.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of this 28<sup>th</sup> day of December, 2000.

Maryland Permanent Capital Corporation

Federal Reserve Bank of Richmond

By: \_\_\_\_\_  
Michael P. Meisel  
Chairman

By: \_\_\_\_\_  
Jeffrey S. Kane  
Senior Vice President

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